



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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TREASURER ANGELIDES WINS CALSTRS APPROVAL OF NEW ENERGY EFFICIENCY PLAN, MARKING NEXT STEP IN “GREEN WAVE” ENVIRONMENTAL INVESTMENT INITIATIVE

*Treasurer’s Plan Would Reduce Energy Usage in Pension Funds’ Buildings by
20 Percent, Save \$11.6 Million Annually in Energy Costs, Create 1,200 Jobs*

SACRAMENTO, CA – The California State Teachers’ Retirement System (CalSTRS) took the next step in implementing State Treasurer Phil Angelides’ *Green Wave* environmental investment initiative, setting a goal to reduce energy usage in its \$4.3 billion, 57.5 million square foot core real estate holdings by 20 percent within five years.

Like the rest of the Treasurer’s *Green Wave* initiative, the energy efficiency proposal is aimed at achieving stronger returns for the State’s pension funds, in this instance by reducing the funds’ costs to operate their buildings. Under the Treasurer’s plan, the pension funds would see financial gains with the added benefits of lower energy consumption, a cleaner environment, and more jobs.

“With energy prices on the rise and no end in sight, CalSTRS has seized a great opportunity to reduce its energy costs and at the same time help our environment and our economy,” Angelides said. “And with this action, CalSTRS – as a major real estate holder and the nation’s third largest public pension fund – has the potential to set a high bar for improved energy efficiency in the whole real estate marketplace.”

Under the Treasurer’s plan that was approved yesterday, CalSTRS will embark on a focused program to achieve the 20 percent energy reduction. CalSTRS will work with the system’s real estate partners to assess the current energy use at their properties, identify buildings where investments in energy efficiency can yield positive returns, and design retrofit programs to capture those energy and cost savings. The Treasurer’s plan also calls for the pension fund to measure and report over time on the returns and actual energy efficiencies achieved.

Angelides proposed the 20 percent energy reduction goal to CalSTRS and the California Public Employees’ Retirement System on November 10. The Treasurer’s Office has estimated that it would cost CalSTRS \$58 million to retrofit the pension fund’s core real estate portfolios to meet the new 20 percent reduction goal. By doing so, the pension fund would save an estimated \$11.6 million annually in energy costs, achieving a five-year

payback of the pension fund's investment and an internal rate of return of approximately 14 percent on that investment over 10 years. This investment would also create approximately 1,200 jobs and reduce energy demand by 21 megawatts, enough power to supply more than 14,500 homes.

The Treasurer first launched his *Green Wave* environmental investment initiative for CalPERS and CalSTRS in February. The initiative, which is designed to bolster financial returns, create jobs and clean up the environment, has four prongs:

- Committing private equity investments to firms that are developing the “clean” environmental and energy technologies of the future.
- Investing a portion of the pension funds' stock portfolios in environmentally screened funds.
- Using the pension funds' clout in the marketplace to prod companies to provide robust reporting to shareholders of their environmental practices, risks, and potential liabilities.
- Boosting the systems' real estate returns by improving the energy efficiency of the buildings in their portfolios.

CalSTRS' action marks the latest step by CalPERS and CalSTRS to implement the Treasurer's *Green Wave* initiative. The two funds have committed a combined \$450 million to private equity investment in cutting-edge environmental technology and renewable energy. In addition, CalPERS also has approved investing \$500 million in environmentally screened stock funds that have a track record of meeting or exceeding returns of the fund's existing stock managers.

Visit the State Treasurer's Office website (www.treasurer.ca.gov) to learn more about the Treasurer's *Green Wave* initiative.